GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1347
ANSWERED ON:07.03.2008
LOAN TO SUGAR AND SPINNING MILLS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has issued guidelines to the Public Sector Banks to implement a package for providing interest free loans to Sugar mills and Spinning mills;

(b) if so, the details thereof;

(c) the names of the Public Sector Banks implemented the above package;

(d) the reasons for not implementing the above package by all the Public Sector Banks; and

(e) the number of Sugar and Spinning Mills received above loans, State-wise, Bank-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : With a view to improve the liquidity position of sugar factories for enabling them to clear cane price arrears of 2006-07 sugar season and cane price of 2007-08 sugar season relatable to Statutory Minimum Price for respective sugar season to the sugarcane farmers, the Government has notified a scheme for extending financial assistance to Sugar Undertakings, 2007. The scheme covers all sugar mills, which have been functional/were functional during 2006-07 and 2007-08 sugar season. The NPA units are also covered under the scheme provided the State Government gives guarantee for their new loans. Loan are to be granted equivalent to the notional Central Excise Duty payable on total production of sugar during 2006-07 and 2007-08 sugar seasons. The Central Excise duty is to be taken net of Sugar Cess. Full interest subvention is to provided to all Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs) and Cooperative Banks for the total duration of the loan, i.e. 4 years including 2 years moratorium. The interest subvention is limited to 12% per annum of which 5% is to be met out of general budget provisions of the Central Government and the remaining 7% from the Sugar Development Fund.

(c) & (d) : All Public Sector Banks, RRBs and Cooperative Banks are implementing the above package.

(e) : Data Reporting System of Reserve Bank of India does not generate data in the manner asked for.